



MONTENEGRO STOCK EXCHANGE **in the Montenegrin capital market**

Gojko Maksimovic, CFA
CEO

Montenegro at glance

Montenegro – well-located Adriatic economy



Montenegro – quick facts

- **Ratings (2017)**
 - Moody's B1 / Stable
 - S&P B+/B / Stable
- **GDP (1)** EUR 3,954 million
- **GDP per capita(1)** EUR 6,354
- **Population(2)** Approx. 622,300
- **Capital city** Podgorica
- **Area** 13,812 km²
- **Currency** Euro

(1) Data for 2016, at current prices, source MONSTAT

(2) According to last census conducted in 2013

Milestones



Montenegro – economy overview

- Foreign investments as a key driver of growth and increase in wealth;
- Investment in tourism and energy sectors and large infrastructure project to drive growth in medium term;
- Steady improvements in competitiveness, transparency and business environment;
- Economy should benefit from further EU convergence (expeted to join in 2025.)

	2004	2012	2016
Nominal GDP, million € (current price)	1 670	3 149	3 954
GDP per capita (current prices, €)	2 684	5 075	6 354
GDP growth rate at constant prices (%)	4.4	-2.5	2.9
Net FDI inflows (% of GDP)	3.0	15.3	5.4
Gross government debt (% of GDP)	44.5	54.0	66.2

Source:
Monstat & World
Bank

	2006	2016
Unemployment rate (%)	29.6	17.7
Average gross wage (€)	377	751
Average net wage (€)	246	499

Source:
Monstat

	2008	2016
Corruption perceptions index rank	85	45

Source:
Transparency
International

	2011	2016
World Bank Doing Business survey rank	66	42

Source: World Bank

Montenegro – major ongoing projects

Tourism

- **Porto Montenegro** – first comprehensive state-of-the-art deep water marina in the Adriatic Sea, projected total investment size EUR 600mn (investor Canadian developer PM Securities);
- **Kumbor** – long-term lease agreement between the Government and Azerbaijani state-owned oil and gas company Socar signed for the construction of One&Only luxury resort with the total estimated investment volume of EUR 258mn;
- **Lustica Peninsula** – construction of eight hotels, golf courses, moorings and private residences; investment size EUR 1.1bn (investor Egyptian company Orascom);
- Lease of **HTP Ulcinjska Riviera** (hotels: Olympic and Bellevue) - projected investment size EUR 31,8mn (investor Karisma Hotels & Resorts and TUI)
- Lease of **HTP Budvanska Riviera** (hotels: **Sveti Stefan, Milocer and Kraljicina plaza**) – projected investment size EUR 80mn (investor Aman Resort).

Energy

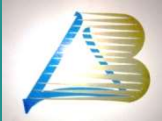
- **Undersea electricity transmission line** between Montenegro and Italy (415km), the total cost of the cable estimated at EUR 760mn (will be mostly financed by Italy, while Montenegro will contribute app. EUR 105mn), expected revenue for Montenegro EUR 10-40mn per year once its finished;
- Construction of **wind parks** (96MW of energy p.a.);
- Construction of 2nd block of **thermal power plant Pljevlja** (app. EUR 600mn), 4 **hydro power plants** on Moraca and **mini hydro power plants** – currently there are negotiations about draft contract and final version of feasibility studies.

Infrastructure

- **Highways** – first phase of Bar-Boljare highway (approximately 170km) in length of 42 km between Podgorica and Matesevo will be realized by Chinese company China Road and Bridge Corporation, total investment size EUR 809mn, 85% financed by EXIM Bank of China.(expeted to be open in 2019)

Montenegro Stock Exchange (MNSE) - timeline

Montenegro Stock Exchange was established



June 1993

First brokerage houses in Montenegro were established, and these were:

- CG Broker;
- Holder broker, and
- Monte Adria Broker.

1995



Montenegro Stock Exchange harmonized its business activities with the Law on Stock Exchange, Stock Exchange Activities and Agents

1996

2000

Commission for Securities of the Republic of Montenegro has issued a business license to the Montenegro Stock Exchange

On 20 September, 6 Montenegrin financial institutions and the Brokerage Business Association founded the New Securities Exchange of Montenegro



2001



Two Montenegrin stock exchanges were integrated, through the merge of the New Securities Exchange of Montenegro to the Montenegro Stock Exchange.

January 10, was the first working day on the single Montenegro Stock Exchange.

2011

On December 17, **Borsa İstanbul** became a shareholder of the Montenegro Stock Exchange by acquiring 24.38% of its capital.

2013

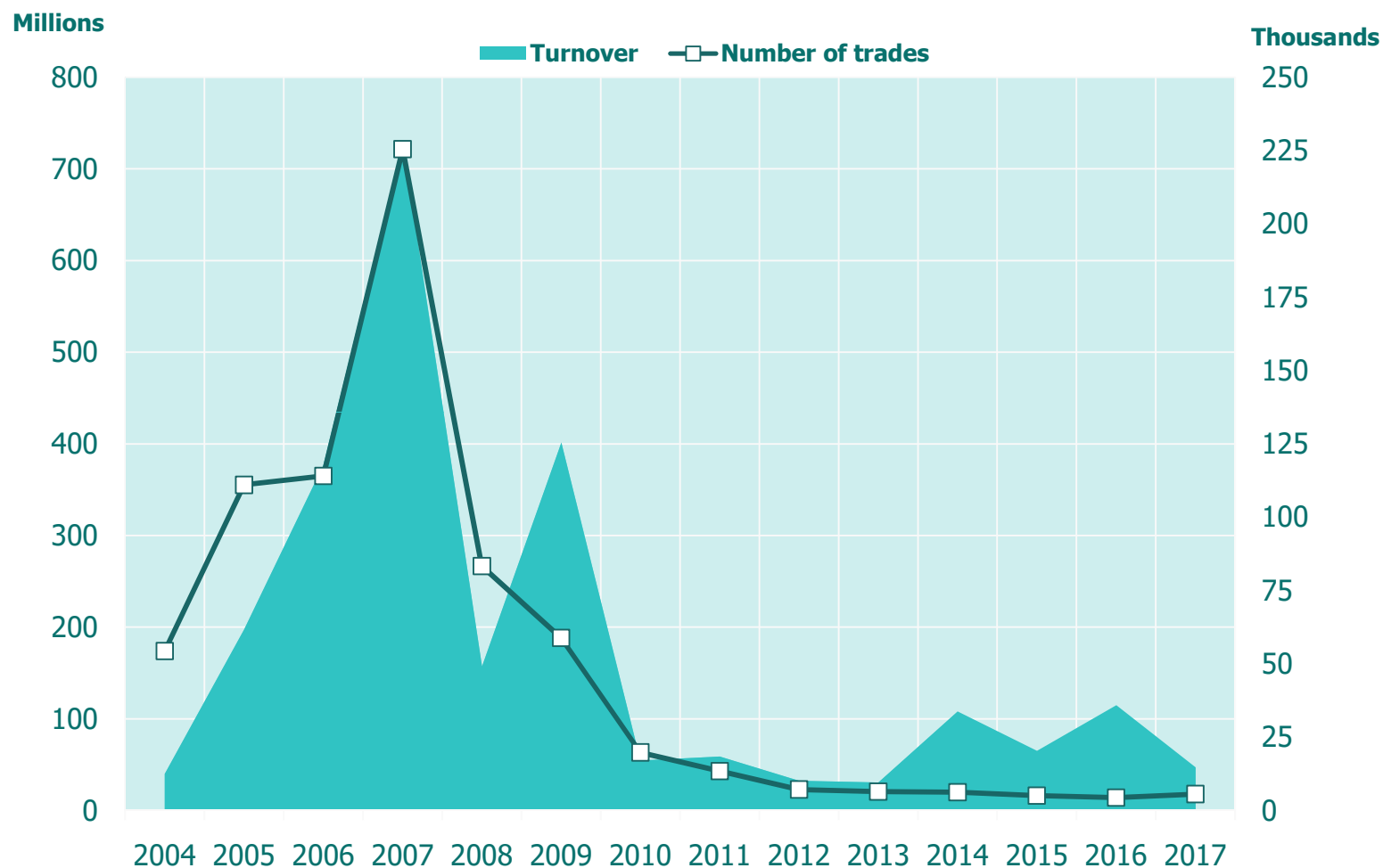


Montenegro Stock Exchange (MNSE) – quick facts



- **MNSE data distribution** via Borsa Istanbul starting from **July 01, 2015**:
 - Bloomberg;
 - SIX Financial Information;
 - TeleTrader Software;
 - Thomson Reuters;
 - Renaissance Technologies LLC.
- Montenegro Stock Exchange is a joint-stock company with 18 shareholders of which the major are the Atlas Group from Montenegro and Borsa Istanbul.

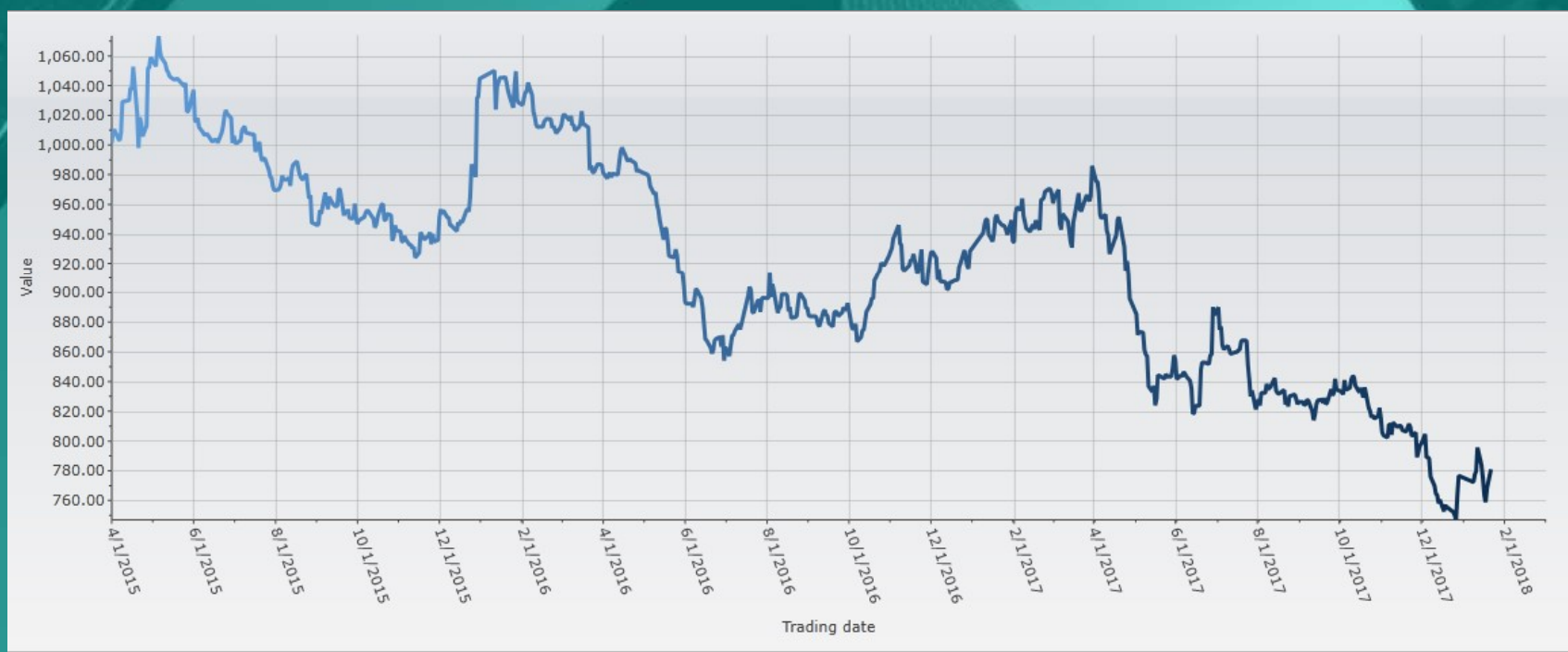
MNSE in numbers – turnover and no. of trades



MNSE10 index

	Name of issuer	No. of shares in MONEX10	Capitalization	Free-float market capitalization	P/E	P/B	Dividend yield
1	CRNOGORSKI TELEKOM A.D. PODGORICA	19.54%	70.910.910	17.846.569	7,54	0,53	0,00%
2	CRNOGORSKI ELEKTROPRENOSNI SISTEM A.D. PODGORICA	12.14%	81.888.285	12.416.353	33,61	0,46	0,00%
3	JUGOPETROL AD	20.00%	54.451.460	22.792.330	10,83	0,61	11,03%
4	H.T.P ULCINJSKA RIVIJERA ULCINJ	4.50%	8.993.895	3.704.798	0,00	0,008	0,00%
5	PORT OF ADRIA AD BAR	3.12%	7.095.842	3.702.416	0,00	0,15	0,00%
6	HOTELSKA GRUPA "BUDVANSKA RIVIJERA" AD BUDVA	6.38%	46.474.671	7.116.459	45,91	0,27	0,00%
7	LUKA BAR A.D BAR	6.88%	11.909.661	6.069.717	8,93	0,17	0,00%
8	13 JUL- PLANTAŽE A.D	9.61%	23.625.939	9.580.073	10,03	0,20	0,00%
9	RUDNIK UGLJA AD PLJEVLJA	3.88%	23.296.437	4.763.688	5,76	0,82	0,00%
10	ELEKTROPRIVREDA CRNE GORE AD NIKŠIĆ	13.95%	426.494.428	21.359.984	12,31	0,43	0,00%
	MNSE10	100%	755.141.533	109.352.392,25	14,16	0,44	2,33%

MNSE10 index



MNSE financial products



Government and corporate bonds

127.000.000 €
in government bonds
(2 Issuance)

20.000.000 €
in corporate bonds
(2 Issuance)



Top companies' dividends

companies in a mature stage of development that have a large percentage of market share; subsidiary of large multinational companies



Tourism and customer goods

companies that are still state-owned



Energy

great growth potential and big future projects



Infrastructure

ports, railways and shipyard



Finance

Banks with a domestic shareholder structure as a part of the Montenegrin capital market

MNSE financial products (1)

A Top companies' dividends



1. Montenegrin Telecom
2. Jugopetrol
3. Zetatrans

B Tourism and customer goods



- Budvanska Riviera
- Ulcinjska Riviera
- 13 Jul Plantaze
- Institute for physical medicine, rehabilitation and rheumatology dr Simo Milosevic

C Energy



- The following companies have a major importance in realization of big energy projects:
- Montenegrin Electric Company (EPCG);
 - Electric Transmission System of Montenegro;
 - Coal Mine Pljevlja.

MNSE financial products (2)

D Infrastructure



- Port of Bar;
- Container Terminals and General Cargo;
- Railway infrastructure, Montecargo and Railway transportation company.

E Finance



The following banks are in domestic shareholder structure which may be interesting during the sale or process of ownership enlargement in our market: Atlas Bank, Hipotekarna banka, Prva banka Crne Gore, and Invest Bank Montenegro – these four banks participate in overall banking sector assets with about 25%.

Future outlook

- Future perspective: regional cooperation and market integration (SEE Link).
- Main goals for forthcoming years:
 - to increase the number of **financial instruments** (primary listing introduction of SME);
 - to introduce **treasury bills** trading and **repo** transactions;
 - to introduce **privatization by initial public offering** (IPOs), for example: *Airports of Montenegro, Montenegro Post and Montenegrin Roadway Company*;
 - to introduce new instruments – **ETF**
 - to harmonize the entire Montenegrin regulation with EU legislation (**MiFID**).
 - to introduce start up platforms (Funderbeam SEE)

Thank you!